

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in The U.S.
DISTRICT COURT at Seattle, Washington.

June 19 20 03
BRUCE RIFKIN, Clerk
By H. Brent Zachary Deputy

CERTIFIED TRUE COPY
ATTEST: BRUCE RIFKIN
Clerk, U.S. District Court
Western District of Washington
By [Signature] Deputy Clerk

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

RICHARD GREGG,

Defendant.

NO. **CR03 0273C**

INDICTMENT

(FILED UNDER SEAL)

THE GRAND JURY CHARGES THAT:

COUNTS 1 through 31
(MAIL FRAUD)

A. Background

1. At all times relevant to this Indictment RICHARD GREGG was an employee of the Microsoft Corporation (Microsoft), headquartered in Redmond, Washington. Microsoft is a company involved in the manufacture and sale of computer software. RICHARD GREGG's employment at Microsoft allowed him access to the Microsoft Internal Product Ordering (IPO) computer program, known as MS Market. This program allows authorized Microsoft employees

Indictment/Richard Gregg -



CR 03-00273 -00000001

UNITED STATES ATTORNEY
UNION STREET, SUITE 5100
FLE. WASHINGTON 98101-3903
(206) 553-7970

1 to order an unlimited amount of Microsoft software and hardware, without cost to the ordering
2 employee, for business-related purposes only.

3
4 2. At all times relevant to this Indictment, RICHARD GREGG was employed by Microsoft, as
5 the Project Coordinator for Windows Development. In his capacity as Project Coordinator,
6 RICHARD GREGG had authority to order, for business purposes only, software using the IPO
7 program at Microsoft.
8

9 **B. The Scheme and Artifice**

10 3. From on or about January 2002, and continuing through on or about December 2002, at
11 Redmond, Washington, within the Western District of Washington, and elsewhere, RICHARD
12 GREGG did knowingly and willfully devise a scheme and artifice to defraud, and for obtaining
13 money and property by means of false and fraudulent pretenses, representations, and promises,
14 and in furtherance thereof knowingly and willfully sent and delivered and caused to be sent and
15 delivered by private and commercial interstate carriers, various items of Microsoft software, and
16 knowingly and with the intent to defraud accessed a protected computer without authorization,
17 and exceeded authorized access, and by means of such conduct furthered the intended fraud, and
18 obtained property of value, as further described below.
19
20
21

22 4. The essence of the scheme was that RICHARD GREGG would order Microsoft software
23 using the Microsoft IPO program, indicating the software was being ordered for business-related
24 purposes. After the software was received, RICHARD GREGG would not use the software for
25 a legitimate business purpose. Instead, he would sell and otherwise dispose of the software and
26 retain any proceeds received for his own personal use and enrichment.
27
28

1 5. It was part of the scheme that RICHARD GREGG would order Microsoft software using
2 Microsoft's IPO program. Once the order was created, it would be electronically transmitted
3 from the Microsoft corporate network, in Redmond, Washington, to Client Logic-- the vendor
4 responsible for completing the order--in Buffalo, New York. Once the order was received by
5 Client Logic, in Buffalo, their warehouse, located in Grove City, Ohio, would be notified of the
6 order. The Ohio warehouse would then fill the order and ship the software via a commercial
7 interstate carrier, usually Airborne Express, back to RICHARD GREGG. Upon receipt of the
8 software, RICHARD GREGG, would sell, or otherwise dispose of the software, and retain any
9 proceeds received for his own personal use and enrichment.
10
11
12
13 6. It was further part of the scheme that RICHARD GREGG would order quantities of the
14 following listed Microsoft software, as well as other types of Microsoft software, with an estimated
15 retail price per copy as listed:
16
17 a. **WINDOWS XP HOME-** WINDOWS XP Home Edition, English,
18 North American, internal compact disk (\$200.00)
19
20 b. **WINDOWS XP PRO-** WINDOWS XP Professional, English, North American, internal
21 compact disk (\$299.00)
22
23 c. **EXCH ENT 2000 EN NA CD AE 25CLT-** EXCHANGE ENTERPRISE 2000, English,
24 North American, compact disk, Academic Edition, 25 client license (\$6,999.00)
25
26 d. **SQL SVR ENT EDTN 2000 EN NA CD 25CLT-** SEQUEL SERVER Enterprise
27 Edition 2000, English, North American, compact disk, 25 client license (\$11,099.00)
28
e. **SQL SVR ENT EDTN 2000 EN NA CD AE 2-** SEQUEL SERVER Enterprise Edition 2000,
English, North American, compact disk, Academic Edition 25 client license (\$7,219.00)
f. **SQL SVR ENT EDTN 2000 EN NA INTERNAL-** SEQUEL SERVER Enterprise
Edition 2000, English, North American, internal (\$19,999.00)

g. **WIN ADV SVR 2000 EN NA CD 25 CLT CR-** WINDOWS Advance Server 2000 English, North American, compact disk, 25 client license CR (\$3,999.00)

h. **OFFICE PRO XP W32 EN NA CD-** OFFICE PROFESSIONAL XP W32 English, North American, compact disk (\$579.00)

i. **WIN ADV SVR 2000 EN NA CD 25CLT-** WINDOWS Advance Server 2000 English, North American, compact disk, 25 client license (\$6,999.00)

7. It was further part of the scheme that RICHARD GREGG obtained approximately five thousand four hundred and thirty-six (5,436) total pieces of software with an estimated retail price in excess of seventeen million dollars (\$17,000,000.00), during the relevant time period in which the scheme to defraud was conducted.

C. Execution of the Scheme

8. On or about the dates set forth below, at Redmond, Washington, within the Western District of Washington, and elsewhere, RICHARD GREGG, for the purpose of executing the above-described scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and for attempting to do so, did knowingly and willfully send and deliver and cause to be sent and delivered by Airborne Express, and other private and commercial interstate carriers, according to the directions thereon, the items listed below, each of which constitutes a representative sample of the use of the mails in furtherance of the scheme and artifice to defraud and a separate count of this Indictment, as follows:

<u>COUNT</u>	<u>Date</u>	<u>Delivered to</u>	<u>Sent by</u>	<u>Quantity and Description of Software Requested</u>
1	1/22/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	10 copies WINDOWS XP HOME EDITION
2	1/22/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	40 copies WINDOWS XP PRO EN NA INTERNAL CD DI

1	3	2/11/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	5 copies EXCH ENT 2000 EN NA CD AE 25CLT
2					
3	4	2/11/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	5 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
4					
5	5	2/11/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	5 copies SQL SVR ENT EDTN 2000 EN NA CD AE 25 CLT
6					
7	6	2/15/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	5 copies SQL SVR ENT EDTN 2000 EN NA INTERNAL
8					
9	7	6/13/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies WIN ADV SVR 2000 EN NA CD 25CLT CR
10					
11	8	6/14/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
12					
13	9	7/15/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
14					
15	10	7/16/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies WIN ADV SVR 2000 EN NA CD 25CLT CR
16					
17	11	7/29/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies WIN ADV SVR 2000 EN NA CD 25CLT CR
18					
19	12	8/1/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies WIN ADV SVR 2000 EN NA CD 25CLT CR
20					
21	13	8/5/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
22					
23	14	8/7/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
24					
25	15	8/7/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
26					
27	16	8/7/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
28					

1	17	8/7/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
2					
3	18	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	25 copies EXCH ENT 2000 EN NA CD 25CLT
4					
5	19	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies EXCH ENT 2000 EN NA CD 25CLT
6					
7	20	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies EXCH ENT 2000 EN NA CD 25CLT
8					
9	21	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies OFFICE PRO XP W32 EN NA CD
10					
11	22	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies OFFICE PRO XP W32 EN NA CD
12					
13	23	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies WIN ADV SVR 2000 EN NA CD 25CLT CR
14					
15	24	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies WIN ADV SVR 2000 EN NA CD 25CLT CR
16					
17	25	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	50 copies WIN ADV SVR 2000 EN NA CD 25CLT
18					
19	26	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies WINDOWS XP PRO EN NA INTERNAL CD DI
20					
21	27	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies WINDOWS XP PRO EN NA INTERNAL CD DI
22					
23	28	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies WINDOWS XP HM ED EN NA INTERNAL CD
24					
25	29	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies WINDOWS XP HM ED EN NA INTERNAL CD
26					
27	30	10/31/2002	Richard Gregg Redmond, WA	Client Logic Grove City, OH	100 copies WINDOWS XP PRO EN NA INTERNAL CD DI
28					

31

10/31/2002

Richard Gregg
Redmond, WAClient Logic
Grove City, OH100 copies
WINDOWS XP PRO
EN NA INTERNAL CD DI

All in violation of Title 18, United States Code, Section 1341.

COUNTS 32 through 62
(COMPUTER FRAUD)

9. Paragraphs 1 through 8 of this Indictment are incorporated in this paragraph as if fully set forth herein.

10. On or about the dates set forth below, at Redmond, Washington, within the Western District of Washington, RICHARD GREGG, having devised the above-described scheme and artifice to defraud, knowingly and with the intent to defraud accessed a protected computer without authorization, and exceeded authorized access, and by means of such conduct furthered the intended fraud, as described above, and obtained property of value, as described below, each of which constitutes a representative sample of the use of a protected computer which is used in interstate and foreign commerce and communications in furtherance of the scheme and artifice to defraud, and a separate count of this Indictment, as follows:

<u>COUNT</u>	<u>Date Computer Accessed</u>	<u>Quantity and Description of Software Requested</u>
32	1/22/2002	10 copies WINDOWS XP HOME EDITION
33	1/22/2002	40 copies WINDOWS XP PRO EN NA INTERNAL CD DI
34	2/11/2002	5 copies EXCH ENT 2000 EN NA CD AE 25CLT
35	2/11/2002	5 copies SQL SVR ENT EDTN 2000 EN NA CD 25CLT
36	2/11/2002	5 copies SQL SVR ENT EDTN 2000 EN NA CD AE 25 CLT

1	37	2/15/2002	5 copies	SQL SVR ENT EDTN 2000 EN NA INTERNAL
2				
3	38	6/13/2002	50 copies	WIN ADV SVR 2000 EN NA CD 25CLT CR
4	39	6/14/2002	50 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
5				
6	40	7/15/2002	50 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
7	41	7/16/2002	50 copies	WIN ADV SVR 2000 EN NA CD 25CLT CR
8				
9	42	7/29/2002	50 copies	WIN ADV SVR 2000 EN NA CD 25CLT CR
10	43	8/1/2002	100 copies	WIN ADV SVR 2000 EN NA CD 25CLT CR
11	44	8/5/2002	100 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
12				
13	45	8/7/2002	100 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
14	46	8/7/2002	100 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
15				
16	47	8/7/2002	100 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
17	48	8/7/2002	100 copies	SQL SVR ENT EDTN 2000 EN NA CD 25CLT
18				
19	49	10/31/2002	25 copies	EXCH ENT 2000 EN NA CD 25CLT
20	50	10/31/2002	50 copies	EXCH ENT 2000 EN NA CD 25CLT
21				
22	51	10/31/2002	50 copies	EXCH ENT 2000 EN NA CD 25CLT
23	52	10/31/2002	50 copies	OFFICE PRO XP W32 EN NA CD
24				
25	53	10/31/2002	50 copies	OFFICE PRO XP W32 EN NA CD
26	54	10/31/2002	50 copies	WIN ADV SVR 2000 EN NA CD 25CLT CR
27				
28				

55	10/31/2002	50 copies	WIN ADV SVR 2000 EN NA CD 25CLT CR
56	10/31/2002	50 copies	WIN ADV SVR 2000 EN NA CD 25CLT
57	10/31/2002	100 copies	WINDOWS XP PRO EN NA INTERNAL CD DI
58	10/31/2002	100 copies	WINDOWS XP PRO EN NA INTERNAL CD DI
59	10/31/2002	100 copies	WINDOWS XP HM ED EN NA INTERNAL CD
60	10/31/2002	100 copies	WINDOWS XP HM ED EN NA INTERNAL CD
61	10/31/2002	100 copies	WINDOWS XP PRO EN NA INTERNAL CD DI
62	10/31/2002	100 copies	WINDOWS XP PRO EN NA INTERNAL CD DI

All in violation of Title 18, United States Code, Section 1030(a)(4) and (c)(3)(A).

FORFEITURE ALLEGATION-MAIL/COMPUTER FRAUD

Pursuant to Title 18, United States Code, Sections 981(a)(1)(c), and 982(a)(2)(B), and Title 28, United States Code, Section 2461(c), the Grand Jury alleges that upon conviction of the felony offenses charged in Counts 1 through 62 above, defendant RICHARD GREGG shall forfeit to the United States all property, real and personal, involved in said mail fraud (Counts 1-31) and computer fraud (Counts 32-62) offenses, and all property traceable to such property including, but not limited to, the following assets:

- A. Real property (condominium) located at 10315 NE 16th Street, Apartment-J4, Bellevue, Washington.
- B. 1999 Land Rover Discovery, VIN: SALTY1247XA228568.

1 C. 2002 BMW M3, VIN: WBSBL93422JR13450.

2 D. All funds contained in Wells Fargo Savings account number 328-3921652, in the name of
3 Richard Gregg.
4

5 E. All funds contained in Wells Fargo Savings account number 290-9285625, in the name of
6 Richard Gregg.
7

8 F. All funds contained in Bank of America checking account number 68763838, in the name
9 of Richard Gregg.

10 G. All funds contained in Bank of America checking account number 5314344012, in the
11 name of Richard Gregg.
12

13 In the event that any of the above-described forfeitable property, as a result of any act or
14 omission of the defendant –

15 1. cannot be located upon the exercise of due diligence;
16

17 2. has been transferred or sold to, or deposited with, a third person;

18 3. has been placed beyond the jurisdiction of the Court;

19 4. has been substantially diminished in value; or
20

21 5. has been commingled with other property which cannot be subdivided without difficulty;

22 //

23 //

24 //

25 //

1 It is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as
2 incorporated by Title 18 United States Code, Section 982(b), to seek the forfeiture of any other
3 property of said defendant up to the value of the above-described forfeitable property.
4

5
6 A TRUE BILL
7 DATED: 6/19/83

8 JT Moore
9 FOREPERSON
10

11
12 John McKay
13

14 JOHN McKAY
15 United States Attorney

16
17 Floyd G. Short
18

19 FLOYD G. SHORT
20 Assistant United States Attorney

21
22 Hugh W. Berry
23

24 HUGH W. BERRY
25 Assistant United States Attorney
26
27
28